

Message Text

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C O N F I D E N T I A L BRASILIA 10461

E.O. 11652: GDS
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SUBJECT: PLATE RIVER BASIN MINISTERIAL CONFERENCE

1. SUMMARY. FIVE NATION PLATE RIVER BASIN CONFERENCE, WHICH CHILE ALSO ATTENDED AS AN OBSERVER, ENDED DECEMBER 9 WITH SUBSTANTIVE ACHIEVEMENT LIMITED TO PASSAGE OF FEW RESOLUTIONS AND CREATION OF \$20 MILLION FUND TO BE MANAGED FROM LA PAZ. MOST SIGNIFICANT ASPECT OF MEETING, HOWEVER, WAS EVIDENCE THAT BRAZIL AND ARGENTINA USED CONFERENCE AS A VEHICLE FOR EXPLORING POSSIBILITY OF RAPPROCHMENT AND OPENING A DIALOGUE FOR FUTURE COOPERATION. AS AN IMPORTANT FIRST STEP ARGENTINE TECHNICAL MISSION REPORTEDLY REMAINED BEHIND FOR DISCUSSIONS WITH BRAZILIANS ON ITAIPU PROJECT. TALKS MAY RESULT IN LOWERING DAM CROWN TO ADVANTAGE OF ARGENTINA. END SUMMARY.

2. THREE DAY EIGHTH ANNUAL PLATE RIVER BASIN MINISTERIAL CONFERENCE ENDED IN BRASILIA DECEMBER 9. FOREIGN MINISTERS
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FROM MEMBER STATES ARGENTINA, BRAZIL, BOLIVIA, PARAGUAY AND URUGUAY ATTENDED WHILE CHILE SENT AN OBSERVER (AMBASSADOR TO LAFTA CARVALHO. WORKING GROUPS HAD EARLIER PREPARED AN AGENDA WHICH FOCUSSED ON TRANSPORTATION, WATER, NATURAL RESOURCES, ECONOMIC AND SOCIAL AID; PRINCIPAL RESULT OF THESE SESSIONS, APPARENTLY, WAS STUDY TO IMPROVE NAVIGATION OF PARANA RIVER.

ARGENTINE-BRAZILIAN DIFFERENCES OVER THE PARANA WERE TAKEN UP, ALBEIT OBIQUELY, BY PRESIDENT GEISEL AS WELL AS FOREIGN MINISTER GUZZETTI IN THEIR PUBLIC REMARKS AND RECEIVED HEAVY PRESS COVERAGE. WHILE CONFERENCE DID SHOW SOME SUBSTANTIVE RESULTS ON BASIN COOPERATION, MORE IMPORTANT ASPECT WAS OPPORTUNITY IT PROVIDED FOR BILATERAL CONTACT BETWEEN FOREIGN MINISTERS. MOST SIGNIFICANT OUTCOME MAY HAVE BEEN THAT CONFERENCE PROVIDED OCCASION FOR BEGINNING OF EFFORT TOWARD ARGENTINE-BRAZILIAN RAPPROCHEMENT AT FOREIGN MINISTER LEVEL.

3. FOREIGN MINISTER'S SPECIAL ASSISTANT FOR LATIN AMERICAN AFFAIRS JOSE NOGUEIRA FILHO AND OUR ARGENTINE AND BOLIVIAN CONTACTS HERE HAVE INDICATED THAT FOREMOST ACHIEVEMENT OF CONFERENCE WAS RENEWAL OF DIALOGUE BETWEEN ARGENTINA AND

BRAZIL AFTER MORE THAN TWO YEARS. ACCORDING TO NOGUEIRA,

BRAZILIANS ARE NOW CONVINCED VIDELA HAS HIS INTERNAL SITUATION IN HAND AND IS IN A POSITION TO CONDUCT A MEANINGFUL DIALOGUE WITH BRAZIL. NOGUEIRA SEES A NEW BASIS FOR NEGOTIATIONS ON ALTO PARANA RIVER/ITAIPU QUESTION AS LONG AS ARGENTINES RECOGNIZE GOB SOVEREIGNTY OVER PROJECT IN BRAZILIAN TERRITORY. NEGOTIATIONS MIGHT LEAD TO SIGNIFICANT TECHNICAL CHANGES TO BENEFIT OF THE ARGENTINES, ACCORDING TO NOGUEIRA.

4. PRESS CONTACT HAS TOLD US THAT ARGENTINE TECHNICAL DELEGATION REMAINED IN BRASILIA AFTER CONFERENCE FOR DISCUSSION WITH BRAZILIANS REGARDING ITAIPU WHICH MIGHT LEAD TO LOWERING ITAIPU DAM CROWN BY SEVERAL METERS, THUS ENHANCING VIABILITY OF ARGENTINE OR ARGENTINE-PARAGUAYAN HYDROELECTRIC PROJECTS FARTHER
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DOWN STREAM. ARGENTINE FOREIGN MINISTER GUZZETTI ALSO INDICATED TO PRESS THAT A TECHNICAL COMMISSION "WOULD SOON RESTORE DIALOGUE" NOTING THAT JOINT COMMISSION ON COOPERATION (CEBAC) WOULD MEET IN MARCH PROBABLY IN BRASILIA FOR FIRST TIME IN OVER TWO YEARS.

5. IN ADDITION TO ITAIPU, NOGUEIRA NOTED THAT GOB AND GOA HAD DISCUSSED NUCLEAR COOPERATION, BUT HE DOWN PLAYED BOTH DIMENSIONS OF PROPOSED COOPERATION AND SIGNIFICANCE OF IT. HE AND ARGENTINE EMBASSY COUNSELOR STRESSED THAT RAPPROCHEMENT COULD BE A STIMULUS TO TRADE, INCREASING PRESENT VOLUME OF ABOUT \$300 MILLION TO OVER \$1 BILLION ANNUALLY. CONTRARY TO PRESS SPECULATION, NOGUEIRA SAID THERE WOULD BE NO GEISEL-VIDELA MEETING IN THE NEAR FUTURE DESPITE CORDIAL PERSONAL GREETINGS VIDELA APPARENTLY SENT THROUGH GUZZETTI TO GEISEL. WHILE SOUTH ATLANTIC WAS DISCUSSED, BOTH ARGENTINES AND BRAZILIANS SEEM IN AGREEMENT THAT NO DEFENSE ORGANIZATION BEYOND RIO PACT IS NECESSARY AT THIS JUNCTURE. FROM ARGENTINE SIDE WE HAVE IMPRESSION THAT SUBJECT OF OVERLAPPING TERRITORIAL INTERESTS IN ANTARCTICA ALSO MAY HAVE

BEEN DISCUSSED. LATTER MAY BE MOOT BECAUSE BRAZILIANS SEEM RELUCTANT TO FINANCE EXPEDITION IN NEAR FUTURE.

6. IN TERMS OF SUBSTANTIVE RESULTS OF THE CONFERENCE, MINISTERS ESTABLISHED A \$20 MILLION FUND WITH HEADQUARTERS IN LA PAZ AND FIRST MEETING IS SCHEDULED THERE FOR FEBRUARY, 1977 TO DEVELOP PROJECT FEASIBILITY STUDIES. BRAZILIANS AND ARGENTINES HAVE EACH CONTRIBUTED A THIRD OF THE FUNDS WITH THE OTHER THREE MEMBERS CONTRIBUTING THE REMAINDER. BOLIVIANS IN PARTICULAR SEEM MOST HAPPY WITH CONFERENCE'S RESOLUTIONS RE IMPROVEMENTS IN SOUTHERN CONE TRANSPORTATION AND RIVER NAVIGATION, ESTABLISHMENT OF FUND IN LA PAZ, AND PRIORITY CONFERENCE GAVE TO CONSTRUCTION OF COCHABAMBA-SANTA CRUZ AND SANTA CRUZ-TRINIDAD RAILROADS, SUCRE-POTOSI ROAD AND PORT BUSCH ON PARAGUAY RIVER.

7. COMMENTING TO PRESS ON NUCLEAR ISSUES GUZZETTI ENDORSED BRAZIL'S "IRREVOCABLE RIGHT" OF DEVELOPMENT IN THE NUCLEAR ENERGY AREA. GUZZETTI STATED THAT DEVELOPMENT REQUIRES MODERN FORMS OF TECHNOLOGY TO FIND NEW INDISPENSABLE SOURCES OF ENERGY. ARGENTINA HAS ITS NUCLEAR PROGRAM AND CONSIDERS IT ONE OF THE BASES OF ITS SOVEREIGNTY. THE FOREIGN MINISTER ENDORSED THE POSSIBILITY OF TECHNICAL COOPERATION AND NOTED THAT THERE HAD ALREADY BEEN CONTACTS BETWEEN THE ARGENTINE NUCLEAR ENERGY AGENCY AND ITS BRAZILIAN COUNTERPART. HE ADDED THAT THE ARGENTINES WERE WILLING TO PROCEED WITH SUCH COOPERATION.

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8. CHILEAN PRESENCE AT CONFERENCE SEEMS TO HAVE BEEN UNWELCOMED EXCEPT BY URUGUAY AND PARAGUAY. IN SPEECH CHILEAN OBSERVER CALLED FOR CLOSER TIES BETWEEN CHILE AND BASIN COUNTRIES, BUT DID NOT MAKE A FORMAL BID FOR MEMBERSHIP. BOTH ARGENTINE AND BRAZILIAN FOREIGN MINISTERS REJECTED POSSIBILITY THAT CHILE COULD ENTER PACT, CITING GEOGRAPHIC LIMITATIONS OF AGREEMENT TO BASIN MEMBERS. NOGUEIRA POINTED OUT, HOWEVER, THAT BASIN AGREEMENT PERMITS OAS MEMBERS TO SEND OBSERVERS TO CONFERENCES. CHILE WAS WITHIN HER RIGHTS IN ATTENDING AND COULD DO SO AGAIN IF SHE WISHED.

9. COMMENT. BRAZILIANS HAD NOT EXPECTED MUCH SUBSTANTIVELY FROM CONFERENCE. AS JORNAL DO BRASIL NOTED DECEMBER 7 IN ALMOST TEN YEARS OF EXISTENCE, BASIN ORGAN HAS NOT ACCOMPLISHED A SINGLE WORK WHICH MEETS THE PRINCIPAL OBJECTIVE OF DEVELOPING BASIN'S NATURAL RESOURCES. AFTER CONFERENCE, HOWEVER, JORNAL NOTED

EDITORIALLY THAT "IF THERE WERE NO MAJOR ACCOMPLISHMENTS OF THE CONFERENCE, ONE WOULD STILL HAVE TO RECOGNIZE THE BILATERAL RAPPROCHEMENT BETWEEN ARGENTINA AND BRAZIL". NOGUEIRA STRESSED TO US THAT PRESS HAD RECOGNIZED SIGNIFICANCE OF CONFERENCE WAS NOT IN PASSING RESOLUTIONS RELATED TO BASIN, BUT FACT THAT

ARGENTINA AND BRAZIL HAVE USED IT AS A MEANS TO RENEW DIALOGUE.
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